



Patrick W. Henning, Director  
July 11, 2008  
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Arnold Schwarzenegger  
Governor

Mr. Andrew Munoz, Executive Director  
Orange County Workforce Investment Board  
1300 S. Grand Avenue, Bldg. B, 3<sup>rd</sup> Floor  
Santa Ana, CA 92705-4407

Dear Mr. Munoz:

WORKFORCE INVESTMENT ACT  
85-PERCENT PROGRAM REVIEW  
FINAL MONITORING REPORT  
PROGRAM YEAR 2007-08

This is to inform you of the results of our review for Program Year (PY) 2007-08 of the Orange County Workforce Investment Board's (OCWIB) Workforce Investment Act (WIA) 85-Percent grant program operations. We focused this review on the following areas: Board composition, One-Stop delivery system, program administration, WIA activities, participant eligibility, local program monitoring of subrecipients, grievance and complaint system, and management information system/reporting.

This review was conducted by Ms. Karen Fuller-Ware from October 15-19, 2007.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by OCWIB with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2007-08.

We collected the information for this report through interviews with OCWIB representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of selected case files, OCWIB's response to Sections I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2007-08.

We received your response to our draft report on April 14, 2008 and reviewed your comments and documentation before finalizing this report. Your response adequately addressed a portion of finding 1 cited in the draft report. However, OCWIB stated that they will be providing additional documentation by July 31, 2008 demonstrating that additional corrections have been made. Therefore this issue will remain open until we verify your implementation of your stated corrective action plan during a future onsite

review. Until then, this finding is assigned Corrective Action Tracking System (CATS) number 80088.

### **BACKGROUND**

The OCWIB was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. At the time of our review, we found OCWIB had very low expenditures for its PY 2007-08 formula funds. Instead, OCWIB used its carry-over funds from its PY 2006-07 allocation. For PY 2007-08 OCWIB was allocated: \$2,016,352 to serve 403 adult participants; \$1,775,903 to serve 571 youth participants; and \$3,102,953 to serve 724 dislocated worker participants.

For the quarter ending June 30, 2007, OCWIB reported the following expenditures for its WIA programs for 2006-07: \$818,180 for adult participants; \$1,570,269 for youth participants; and \$1,890,647 for dislocated worker participants. In addition, OCWIB reported the following enrollments: 361 adult participants; 481 youth participants; and 561 dislocated worker participants. We reviewed case files for 30 of the 1,403 participants enrolled in the WIA program as of October 15-19, 2007.

### **PROGRAM REVIEW RESULTS**

While we concluded that, overall, OCWIB is meeting applicable WIA requirements concerning grant program administration, we noted an instance of noncompliance in the area of 90-day gaps in service. The finding that we identified in this area, our recommendation, and OCWIB's proposed resolution of the finding is specified below.

### **FINDING 1**

**Requirement:** WIA Section 185(c)(2) states, in part, that each local board and recipient receiving funds shall maintain comparable management information systems, designed to facilitate the uniform compilation and analysis of programmatic, participant and financial data necessary for monitoring and evaluating purposes.

In addition, WIA Section 185(d)(1)(B) states, in part, that information to be included in reports shall include information regarding the programs and activities in which participants are enrolled, and the length of time that participants are engaged in such programs and activities.

The Department of Labor, Training and Employment Guidance Letter (TEGL) 17-05 states, in part, that the term program exit means a participant has not received a service funded by the program or funded by a partner program for 90 consecutive

calendar days, and is not scheduled for future services. The exit date is the last date of service.

Additionally, TEGL 17-05 states, in part, that once a participant has not received any WIA funded or partner services for 90 days (except follow-up services, and there is no planned gap in service or the planned gap in service is for reasons other than those related to health/medical condition and delay in training) that participants must be exited from WIA. The exit date is the last date of WIA funded or partner received services.

**Observation:** We found that seven of 30 case files included gaps in service that ranged between 93 and 400 days. Although OCWIB attempted to contact these participants through the mail, e-mail, and telephone messages, no services were provided to these seven participants.

**Recommendation:** We recommended that OCWIB provide the Compliance Review Division (CRD) with documentation to demonstrate that services have been provided to these seven participants or exit them from the WIA program. Further, we recommended that OCWIB review all active case files and take similar action. Once completed, we recommended that OCWIB provide the CRD with the results of its review.

In addition, we recommended that OCWIB provide CRD with a corrective action plan stating how it will ensure, in the future, that no more than 90 days will lapse between services provided to WIA participants, or exit the participants as of the last date of the receipt of service.

**OCWIB Response:** The OCWIB provided CRD with a copy of their Workforce Investment Act Status Roster, verifying that the seven participants identified have been exited from the program.

Additionally, they will conduct a review of all active participant files to identify any potential gaps in service delivery and if there are, the participants will be exited. The OCWIB also stated that they will provide CRD with the results of the review by July 31, 2008.

The OCWIB also stated that they will reinforce the "90-day rule" by doing the following: (a) provide technical assistance and monitoring as needed; (b) provide customized reports highlighting activities that are due to expire within 14 days, (c) strengthen internal controls at the provider level to identify potential gaps in service. Such controls would include a review

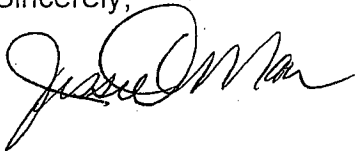
of a minimum of 15 participant files per week to determine the services provided; re-assess service plans and implement new plans if needed, maintain regular contact with participants and keep them engaged; review the participant roster and customize reports on a regular basis to prevent potential gaps in service.

**State Conclusion:** Based on our review of OCWIB's response, we conclude that its proposed corrective action is sufficient to resolve this finding. However, the finding will remain open until we verify OCWIB's successful implementation of its CAP during a future onsite review. Until then, this finding will remain open and is assigned Corrective Action Tracking System (CATS) number 80088.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is OCWIB's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain OCWIB's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mr. Jim Tremblay at (916) 654-7825 or Ms. Karen Fuller-Ware at (916) 653-4174.

Sincerely,



JESSIE MAR, Chief  
Compliance Monitoring Section  
Compliance Review Division

cc: Shelly Green, MIC 45  
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